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8 Attorneys for Elli M. A. Mills, J.D., MBA, Receiver

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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

USACM LIQUIDATING TRUST,

Plaintiff,

v.

PLACER COUNTY LAND
SPECULATORS, LLC, aka PLACER
COUNTY LAND INVESTORS, LLC; et
al,

Defendants

Civil Action No. 2:08-cv-01276-KJD-RJJ

Date: April 2, 2013
Time: 9:00 a.m.
Judge: Hon. Kent J. Dawson

ORDER AUTHORIZING RECEIVER TO EMPLOY REAL ESTATE BROKER

Upon consideration of the Motion of Receiver for Order Authorizing Receiver to Employ Real Estate Broker [Docket No. 736], after a hearing on proper notice, the Court having considered the motion and arguments, and good cause appearing,

IT IS ORDERED that:

1. The Motion is granted;
2. The Receiver is authorized to employ Cornish & Carey to list the Real Property under the terms and conditions set forth in the Listing Agreement attached as Exhibit A; and
3. The Receiver is authorized to take all such action as necessary to effectuate the


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1 terms of this order on behalf of the receivership estate, including executing any and all
2 documents.

3 Dated: April 3, 2013.



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5 United States District Judge
6 District of Nevada
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EXHIBIT A

Cornish & Carey Commercial
Newmark Knight Frank



Guylon Spitzer, CCIM, ALC
Vice President
Lic #01095648

February 27, 2013

Elli M. A. Mills
Court Appointed Receiver
Placer 1 Owners Receivership
5401 Longley Lane, Suite 42
Reno, NV 89511

RE: Marketing Strategy & Pricing Proposal, 326 +/- Acres of undeveloped land located in the Placer Vineyards Specific Plan, APNs 023-200-010, 023-200-012 and 023-200-013, Placer County, California (the "Property")

Dear Mr. Mills:

On behalf of your client Placer 1 Owners Receivership ("Seller"), please accept the following Market Strategy & Pricing Proposal (the "Proposal") for the Property described above. I trust the Proposal will provide the Seller sufficient information regarding Cornish & Carey (the "Broker") and the professional services our firm will provide should we be selected for this very important assignment.

QUALIFICATIONS

Founded in 1935, Cornish & Carey Commercial Newmark Knight Frank ("CCNKF") has grown to become the largest, most respected "full service" commercial real estate brokerage in the region with over 280 agents strategically located in 13 offices throughout Sacramento and the Bay Area. In 2010, Cornish & Carey joined forces with Newmark Knight Frank becoming part a global platform with over 240 offices worldwide located in more than 40 countries with over 7,000 employees. CCNKF's extensive network of investor and developers will provide a substantial potential buyer / investor network from which to draw.

Personal Qualifications: I have been professionally engaged in Sacramento area residential land development 1990. I have been directly engaged in the Placer Vineyards Specific Plan Since 2004. After joining CCNKF, I have focused primarily on residential land sales and acquisitions for my clients. I have extensive experience in sales, negotiations, entitlements and construction, and am well qualified to represent the Seller with the disposition of its asset.

Listing Proposal Letter - EMA Mills (2-27-13)



Placer Vineyards Marketing Proposal
Placer 1 Owners Receivership
February 27, 2013
Page 2 of 5

MARKETING ASSIGNMENT

The marketing assignment for the Broker shall be to facilitate the disposition of approximately 326 acres of unimproved land with a Specific Plan level of entitlement representing 994 Equivalent Dwelling Units (EDU's) located in the County of Placer under price and terms acceptable to the Seller.

MARKETING STRATEGY & PRICING

The Subject Property is raw unimproved land located in the jurisdiction of the County of Placer within the South-Placer Sub-Market. Market research has produced few "Closed Sales" comparable to the Property in the past twelve months within a five-mile radius of the Property. Therefore, my proposed pricing recommendations is largely based upon future speculation of value increases predicated on my personal and professional market knowledge and experience, and my belief that residential land speculation values in the Sacramento Region will increase 30-50% over the next 24 months.

The current value for raw unimproved land, with residential development potential, in the South-Placer Region is currently trading in the range of \$15,000 to \$20,000 per acre. Over the past five years, lack of demand and falling prices for residential land in the region has caused investor and developers to focus their attention on investing in other commercial asset class types, or forced them move to the sidelines waiting for the market bottom to be reached with the strategy of re-entering the market at the beginning of the upward swing.

In April of 2012, Westland Capital Partners LP purchased 111.17 acres of land, approximately 3 miles from the Property, in the West Park Specific Plan for \$79,158 per acre for a total of \$8,800,000. The site was fully entitled, tentative mapped for 533 single family lots, the 404 environmental permit was in place and infrastructure was located in close proximity to the site. Even though the subdivision map was only tentative, the purchaser viewed the purchase as a lot purchase not a gross acre purchase which explains the upper range of value for the land. Additionally, in October of 2012, Westland Capital Partners LP purchased Mangini Ranch in Folsom for \$57,000 per acre under terms with AKT Development whereby the Seller offer 50% financing of the purchase. The level of entitlement for Mangini Ranch at the time of purchase was virtually the same as would be the level of entitlement for the Placer Vineyards Property at the proposed disposition.

Over the past several years Sacramento home values have declined substantially under the weight of the unprecedented amount of bank foreclosures and short-sales. Looking back into 2012 we can now see the single family market began a major shift moving away from distressed sales dominating the market. Since 2005, the Sacramento Region single-family home affordability ratio has risen from 17% to over 72% by the end of 2012. At the market peak in



Placer Vineyards Marketing Proposal
 Placer 1 Owners Receivership
 February 27, 2013
 Page 3 of 5

2005 there were over 170 actively selling new home communities in a four-county region. As of February 3rd, 2013 there are now only 59 active new home communities. At the current absorption rates, by the end of 2013, that number will drop to only 19 communities. Home builder are now initiating land development to create replacement communities a vast majority of which will not come on-line until 2014 creating a tremendous under supply of residential lots in 2013.

The residential resale market in South-Placer is also tremendously under supplied. Traditionally the South-Placer resale market would carry a 6 month supply of available homes. Through the 3rd and 4th quarters of 2012 that supply had dropped to just 30 days and in the desirable Granite Bay sub-market supply had dropped to only 6 days. Beginning 2013 resale residential inventories are severely restricted.

In my opinion the residential housing market in the Sacramento 4-County Region is poised for the classic "bounce" in residential home values. A severe shortage of available homes, both new and resale, combined with unprecedented affordability ratios has created the "perfect-storm" where home values will enter into a period of rapid appreciation until the GAP can be closed to traditional affordability levels in the range of 40-50% affordability. Closing the GAP means home values can be expected to rise approximately 30% across the region with little to no affect on absorption and buyer qualification.

Therefore, I suggest the most opportune time to market the Property in order to gain the highest value on the open market will be the twelve-month period between June of 2013 and June of 2014. By this time most of the major re-entitlement goals of the Placer Vineyard Owners Group will have been met, and the infrastructure plans for a first phase of development will have been initiated. In addition, a feeding frenzy from homebuilders trying to obtain land positions will have solidified residential land values causing land developers to scramble for the few remaining land positions in the Sacramento Region.

PRICE RECOMMENDATION

Subject to the Seller's disposition objectives, I would support a market value of \$14,000,000 to \$18,000,000 subject to an extended marketing period of 12 to 18 months.

MARKETING PLAN

Marketing efforts would be targeted initially to known real estate developers and investors located primarily in northern and southern California. It is not expected that potential buyers will recognize the value of the Property during the initial offering period. The primary strategy for obtaining the highest value would be to base the offering price on potential lot values and avoid value opinions based upon acre values. Applying a lot value of \$20,000 multiplied by 994



Placer Vineyards Marketing Proposal
Placer 1 Owners Receivership
February 27, 2013
Page 4 of 5

potential lots brings the raw land value \$19,880,000 or \$61,000 per acre. I believe the best way to obtain the highest market value is to focus on the residual lot values that have been obtained through the re-entitlement efforts of the Placer Vineyards Ownership Group. The recommended marketing effort would be as follows.

1. Prepare Marketing Materials: 30 Days. – Marketing materials would consist of a four-page distribution-marketing piece created with the purpose of distributing general information regarding the Property, and a comprehensive Offering Package containing additional documentation needed by prospective buyers in order to properly evaluate and substantiate the value of the investment acquisition.
2. Sign Placement: 15 Days – 4'x8' 2 each, Placed at both the north and south Property boundaries
3. Initial Marketing Period: 120 Days – Select distribution to known investor prospects.
4. Extended Marketing Period: 4 to 8 months – Industry wide distribution for maximum exposure.

LISTING TERM AND COMMISSIONS

At this time, it is difficult to forecast the amount of time needed to procure a buyer for the Property under the price and terms acceptable to RCB. Throughout the term of this assignment, Cornish & Carey shall commit a significant amount of time and talented resources toward evaluating, reporting, and marketing the Bank's Asset without any assurances as to the outcome of those efforts. In return, Cornish & Carey proposes the following term and compensation structure necessary to expense overhead and commissions for this assignment.

1. Listing Term: Twelve (12) months.
2. Listing Agreement: Exclusive Right to Represent.
3. Sales Commission: Equal to three percent (3%) of the total Purchase Price. In the event a Buyer is procured with the assistance of a cooperating Broker the Sales Commission will be increased to (4%) to be divided equally between Buyer's and Seller's Brokers. In the event the Broker shall facilitate a purchase transaction in the amount equal to, or greater than, \$16,915,000 (\$50,000 per gross acre), the Seller shall pay the Broker a Sales Commission equal to 5% of the Purchase Price.
4. Buyer Exclusions: None

Cornish & Carey Commercial
Newmark Knight Frank



Placer Vineyards Marketing Proposal
Placer 1 Owners Receivership
February 27, 2013
Page 5 of 5

CONCLUSION

When selected, the Broker will provide the Placer 1 Owners Receivership with the specialized skill, focus, professional resources, and experience needed to achieve the Seller's desired objective. In addition, Cornish & Carey desires the ability to share candid and direct ongoing communication with the Placer 1 Owners Receivership in an effort to ensure the best possible working relationship and outcome.

Once again, on behalf of Cornish & Carey, please allow me to thank you in advance for your consideration and the opportunity to present the Placer 1 Owners Receivership with this Proposal. Please feel free to contact me regarding any questions you may have. I look forward to being of service to you.

Sincerely,

Guy Spitzer, CCIM, ALC

Vice President

Lic #01095648

gspitzer@ccareynkf.com

916.367.6359